

## BT Financial Group's response to Federal Government's Future of Financial Advice announcement

Thursday, 28 April 2011

BT Financial Group (BTFG) has responded to the Government's Future of Financial Advice (FOFA) announcement today.

"Australia's superannuation savings pool is set for extraordinary growth and we have to make sure our super and investment system is credible and trustworthy with customers' best interests at its heart. We support what the Government is trying to achieve - improved transparency and increased investor confidence in the industry," BTFG's Chief Executive, Brad Cooper, said.

### Increasing confidence in financial advice

BTFG General Manager of Advice, Mark Spiers, said the reforms are all about raising the professional standards of the industry, which is a good thing.

"The way I see it, each separate piece of change is transformational - whether it's the new opt-in arrangements or the new best interest duty - but combined they represent unprecedented industry change," Mr Spiers said.

"BTFG's Advice business is well progressed in our response to the FOFA outcomes through a continuing journey to lift professional standards and improve the quality of advice.

"We're well underway with our plans to move to a fee-for-service model for super, investment and retirement for the Westpac, St. George and BankSA financial planning businesses by 1 October 2011, which is ahead of the Government schedule. Already, more than 70 per cent of our new business is being provided in this framework.

"Our Securitor and Magnitude practices are also well progressed with many of these businesses already operating a fee-based model for many years or, indeed, since inception.

"We also now have some additional guidance on the practical aspects of the new statutory best interest duty.

"With regard to the new requirement for investors to opt-in to their advice agreement every two years, we strongly support the principle that customers should only pay for the service they agree to receive.

As we move towards the introduction of a two-year opt-in regime, we will make sure this is as simple and easy for our customers to utilise, not an administrative burden," he said.

### BTFG platform innovation will deal to significant change agenda

BTFG General Manager of Platforms, John Shuttleworth, welcomed the Government's recognition that platforms "compete for product distribution on the basis of quality and value for money" while noting its

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# Media release

decision to take “the broadest brush” through business-to-business payments in the sector, including a prospective ban on volume bonuses paid by platform providers to dealer groups.

“We now have more clarity and can move forward to make changes that will allow us to continue providing market leading platforms to financial advisers and their clients,” Mr Shuttleworth said.

“The consultation process for FOFA has really highlighted the fact that our platform growth has been based on four key things: the quality of our offerings; our commitment to innovation and reinvestment; the advantages we reap from being a large-scale business; and ultimately, our client relationships.

“These qualities and capabilities will carry forward, while we will also need to make some changes to how our platforms are taken to market. These changes will include a further level of disclosure and administration support that helps dealer groups, advisers and customers manage the new opt-in environment.”

Mr Shuttleworth added there’d be significant structural change in the sector over coming years, with many opportunities to meet future investor requirements above and beyond where the current reform agenda is positioned.

“We’re entering a new era. The real winners will be those who are spending time not only responding to the current reform agenda, but thinking much further out to what technology is making possible for our future generations of savers and retirees.”

## Concern over life insurance levels

BTFG has expressed concern over the removal of commissions on life insurance in super as it has the potential to widen the insurance gap for the average working Australian.

Insurance through super is the most tax effective way of ensuring people have the right amount of life cover, without the need to dig into the monthly family budget. This insurance cover is largely “sold not bought”.

The Group does support the removal of commissions on default levels of life insurance in MySuper as it aligns with the public policy intentions of MySuper.

**Ends**

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